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UNCLAS SECTION 01 OF 02 FRANKFURT 000462

SIPDIS

E.O. 12958: N/A

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SUBJECT: GERMANY'S LIBERAL PARTY HITS THE MARK IN NATIONAL CONVENTIONS, BUT LONG ROAD AHEAD

REF: 03 FRANKFURT 8335

1. SUMMARY: In strong recent performances at the FDP (Free Democrat) national convention in Stuttgart January 6-7 and European election kick-off in Saarbruecken Jan. 17, party head Guido Westerwelle called for less government and more private initiative, starting with radical tax reform. Party leaders condemned the Schroeder government for mishandling the U.S.-German relationship and voiced strong opposition to Turkey's admission to the European Union. Delegates also endorsed a draft law (reftel) to ban headscarves in Baden-Wuerttemberg public schools. Overall, the FDP made a good show of unity in its political heartland, but it remains unclear whether the party can capitalize on voter dissatisfaction with the Schroeder government. END SUMMARY.

Westerwelle Puts In Strong Performances

2. After a difficult 2003 for Westerwelle and the FDP -- with the apparent suicide of controversial FDP figure Juergen Moellmann (accused of corruption and anti-Semitism) and wide criticism of Westerwelle's leadership style -- the FDP chief's convention speech in Stuttgart appeared to energize rank-and-file members. Calling 2004 the "year of the liberal," Westerwelle criticized recent economic reforms as token and asserted that only the FDP can promote a fundamental change of mentality that would help Germany move beyond the "free rider" syndrome: Germans "all sit in one boat and everybody has to row." Westerwelle stressed economic liberalization and private initiative as keys to reviving the country's moribund economy. He called for radically simplifying the tax code and lower tax rates across the board to spur initiative and ease the problem of unregistered labor (Comment: although all of Germany's major parties have engaged in a spirited debate on tax reform, this far only the FDP has submitted a concrete proposal in the Bundestag). The FDP chief noted that the CDU (Christian Democrats) and even SPD (Social Democrats) now endorse ideas which the FDP has espoused for years. On the selection of a new president in May -- where FDP will hold the balance -- Westerwelle said the FDP will not/not automatically support a CDU/CSU candidate.

3. Westerwelle advocated letting universities collect tuition and select their own students, dismissing the Schroeder government's plan to establish elite German universities as insufficient. He said Germany must do more to retain top students, noting that one out of every seven German doctoral students leaves for the United States, attracted by better educational/professional opportunities.

"Collateral Damage" in the Transatlantic Relationship

4. FDP Bundestag caucus leader Wolfgang Gerhardt emphasized the importance of the U.S.-German partnership and Germany's participation in transatlantic institutions. He praised U.S. willingness to promote stability throughout the world and called German foreign policy weak and uncoordinated. Gerhardt said the Schroeder foreign policy had caused "too much collateral damage," undermining U.S.-German relations and Germany's international credibility.

Keep Turkey Out of the EU for Now

5. FDP speakers voiced support for the European Union and EU enlargement and criticized the SPD-Green government's handling of key European issues (under the slogan "We can do Europe better"). Gerhardt and B-W Deputy Minister-President/FDP State Chairman Walter Doering cautioned that with ten new member states joining the EU in May, the EU must reform its institutions before taking on more new members. FDP leaders expressed pointed concerns over Turkey's accession; Doering stated bluntly that "Turkey does not belong in the EU."

"Women should use their heads, not cover them"

6. The headscarf issue (reftel) -- the move to ban headscarves on public teachers in the name of gender equality and the neutrality of schools -- featured prominently at the convention. The Baden-Wuerttemberg (B-W)

FDP passed a resolution at the convention supporting that state's draft law to forbid the wearing of headscarves in class (but allowing the use of Christian symbols), stating that headscarves symbolize a sexist society in conflict with the German constitution's guarantee of equal rights for men and women. NOTE: the anti-headscarf resolution applies only to Baden-Wuerttemberg, but was welcomed by national party leaders. END NOTE.

17. FDP caucus chief Gerhardt endorsed the anti-headscarf resolution, noting that "there is no right to cultural authenticity if it means violating human rights and oppressing women. Multi-cultural values do not apply in this case." He quoted the Nobel Peace Prize winner, Iranian lawyer and human rights activist Ms. Shirin Ebadi, that "women should not cover their heads but rather use them."

COMMENT: FDP on the Rebound, but Long Road Ahead

18. Convention delegates gave Westerwelle an unexpectedly strong reception, relieving some of the pressure on Westerwelle to defend his leadership position. The FDP's short-term goals are to re-enter the European Parliament (after a ten-year absence) and to poll over the five percent threshold in 2004 state and communal elections, but support is wavering in traditional strongholds such as southwest Germany and national polls show support for the FDP stagnating at 6-7 percent. Despite having championed for decades the type of reforms that all of Germany is now talking about, the FDP has so far failed to package its ideas in ways that will attract voters or otherwise capitalize on the unpopular economic reform plans of the Schroeder government. Reeling from the Moellemann affair and the party's poor showing in the 2002 national elections (for which Moellemann and Westerwelle received the principal blame), the FDP seemed to have been caught flat-footed when the economic reform debate began in earnest, and accordingly did not do a good job in showcasing its own ideas for wide-ranging reforms. Moreover, during the past several months a number of senior FDP officials have taken to the Op-Ed pages with articles harshly critical of Westerwelle's leadership style and abilities. Westerwelle's successful performance at recent conventions is a good first step in turning around his and his party's fortunes, but the road ahead will be long. END COMMENT.

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